

REMARKS

Claims 1-5, 7-9, 13-16, 18-20, 23-26, 28-29, 32-33, 35-36 and 40-45 remain in this case for consideration.

A. Prior Art Rejections

1. The Invention

Applicants have invented improvements to the "handset based" wireless technology described in their earlier, commonly assigned McGregor U.S. Patent No. 5,577,100. One of Applicants' improvements allows a plurality of accounts, each with an account balance, to be internally stored and managed within a wireless device. In another of Applicants' improvements, management of the plurality of accounts includes allowing the user to adjust the account balances by transferring amounts amongst the internal accounts. In Applicants' invention, calculation of communication charges is also done within the wireless device with the calculated charge being applied to the appropriate internal account balance. The internal account which is charged can be selected in multiple ways, including by the wireless device user or automatically based upon an algorithm. Such an algorithm could, for example, select the internally stored account based on the origin or destination of the communication. In one preferred embodiment, the internally stored accounts correspond to a first and second line. The first line might be used, for example, for business calls while the second line is used for personal calls.

2. The Cited Art Distinguished

Applicants' claims 1-5, 7-9, 13-16, 18-20, 23-26, 28-29, 32, 35-36 and 40-45 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over Dent's U.S. Patent No. 6,246,870 ("Dent patent") in view of Martineau's U.S. Patent No. 5,915,226 ("Martineau patent").

The Dent patent discloses a multiple-mode communications terminal that assists a subscriber to multi-mode radiotelephone communications systems to use the least costly

communications system. The following information is stored in the Dent patent communications terminal (or its smart card): the tariffs for each communications system, the critical values (e.g., "free" monthly minutes) at which the tariffs change, and the billing cycle dates at which "free monthly minutes" are replenished. Means in the communications terminal track the communication units used during each billing cycle to determine when a tariff changes (e.g., when "free" monthly minutes are exhausted). For each incoming or outgoing communication, means in the communication terminal compare the then applicable tariff for each communications system to determine the least costly alternative among the available communications systems. The comparison is used to either select the least costly available communications systems or to inform the user so the user can make the selection. Also, if the tariff changes during a communication, the comparison is repeated and, if appropriate, used to hand-off the communication, warn the user of the tariff change, or terminate the communication.

Although the Dent patent tracks communication units for multiple systems to determine the current applicable rate and allows the user to select the least costly available communications systems, the Dent patent does not disclose software within the wireless device that: (1) internally stores a plurality of accounts on the wireless device (each with an internal account balance), (2) allows a user to adjust the account balances by transferring amongst the internal accounts and (3) selectively charges one of the plurality of internally stored account balances with a charge calculated within the wireless device. Instead, the Dent patent adheres to the conventional wisdom of central billing systems with monthly bills and billing cycles (see, Dent patent, col. 5, lns. 41-44; col. 6, lns. 2-5; col. 8, lns. 42-45). While Dent tracks communication units used during a billing cycle for multiple communication systems, Applicants find no teaching in the Dent patent of actually storing within the wireless device *the account that is charged for a communication*, much less *multiple internally stored accounts* where a user is allowed to *transfer* amounts between the internally stored account balances.

Dent involves communication services where charges accrue in accounts to which the customer has little insight. (see, Dent patent, col. 1, lns. 48-51). Dent does not solve the problem of customers lacking information about their accounts by moving the accounts to the terminal (as in the Applicant's invention). Instead, Dent has the terminal track communication

units used during a billing cycle to enable selection of the communication service with the then lowest tariff. It is telling that Dent discloses that the radio telephone system can broadcast a signal indicating a transition to a new billing period. (see, Dent patent, col. 5, ln. 66 - col. 6, ln. 5). This disclosure indicates Dent's recognition that his method would provide the subscriber with inaccurate selection information if the tracking done by the terminal was not synchronized with the tracking done by the system where the account charged for a communication is maintained.

The Martineau patent discloses a wireless telephone having a SIM card and a prepaid card. The user purchases a prepaid card having prepaid units. Upon insertion of the prepaid card into the wireless telephone, prepaid units can be read off the prepaid card and used by the SIM card. As the wireless phone is used, the SIM card calculates charges and deducts the charges from the prepaid card. Although Martineau describes using a SIM card to process prepaid amounts read from a prepaid card and, based upon computations made by the handset, write a new decremented balance on the prepaid card, this can hardly be characterized as a transfer among internally stored account balances. At most, there is only *one* account balance in the Martineau patent and that is the representation of remaining prepaid units *on the prepaid card*. The phone will not operate in non-restricted mode unless there are remaining prepaid units *on the prepaid card*. As the phone is used, prepaid units are decremented *from the prepaid card*. The phone returns to restricted mode when there are no more units remaining *on the prepaid card*.

The mere transfer of information from one physical memory to another is *not a transfer of amounts between accounts*. Sometimes reading data from one memory to another only serves an information technology purpose, such as the back up of data, or in the case of Martineau, data security. In Martineau, the remaining prepaid units are simply read from prepaid card memory to SIM memory. This enables the SIM to prepare a certificate which it then compares to a certificate it receives from the prepaid card. All of this is done solely for one of the stated objects of the invention - to reduce the opportunity for fraudulent use. Such transfers of information are not a transfer of amounts between accounts as described in the Applicants' invention.

There are other indicia in Martineau that there is no transfer between accounts. For example, the *total* amount of the remaining prepaid units is always read from the prepaid card into the SIM. This function would not serve the real world, where transfers between accounts typically involve only a portion of the balance from the sending account. Nor does the electronic representation of the remaining prepaid units take on a different meaning for accounting purposes in the SIM than they had in the prepaid card. For example, value has not been transferred from a prepaid account to a postpaid account; value has not been transferred from a business use account to a personal use account; value has not been transferred from an account controlled by John to an account controlled by Mary. But none of this is a deficiency in the Martineau patent. As already stated, the function is a data security function, not an account transfer function.

There is simply no teaching in the Martineau patent of a second, third, fourth etc. account balance which are internally stored on the wireless device as in Applicants' invention. Similarly, there is plainly no teaching in Martineau of allowing the wireless device user to adjust account balances by transferring amounts amongst a plurality of internal accounts.

Since neither the Dent patent nor the Martineau patent teach Applicants' invention of having multiple internally stored accounts within the wireless device and allowing the user to adjust account balances by transferring amounts amongst the internal accounts, neither the Dent patent nor the Martineau patent, either individually or in combination, would render any of Applicants' pending claims unpatentable for obviousness.

Applicants' claim 33 has been rejected as being "obvious" under 35 U.S.C. § 103(a) over the Dent patent in view of the Martineau patent and further in view of Carlsson's U.S. Patent No. 6,026,291 ("Carlsson patent"). The Carlsson patent discloses a cellular system in which multiple subscriptions for multiple terminals and multiple users are maintained at the Home Location Register ("HLR") in the wireless provider's offices. The Carlsson patent is an example of the conventional "network centric" approach that Applicants are trying to avoid. More specifically, Carlsson discloses that the subscription charged for a call is determined by the records in three registers located in the HLRs: the terminal records/register, the user records/register, and the subscription records/register. For example, Figure 5 shows a record

stored in the user register that controls which subscription is charged based on the time and day of the week. In operation, the Carlsson patent user can select an appropriate HLR account. This choice is then communicated to an HLR computer at the wireless provider's offices. The wireless provider then calculates the appropriate call charges in the HLR computer at their offices and applies those charges to the appropriate HLR account maintained at their offices.

Applicants' invention is fundamentally different from Carlsson's network centric system. In Applicants' invention, the accounts with their account balances are stored and maintained on the wireless device itself, rather than at a distant network computer. Moreover, unlike Carlsson's network centric system, the charges in Applicants' claimed invention are calculated by the wireless device itself.

A major problem for the type of network centric systems disclosed in the Carlsson patent is that for time-critical applications, such as prepaid or credit limit mobile phone billing, there is a need in the network centric systems for near real time communication between the network and the wireless device so that a user telephone call can be prevented or quickly terminated if the wireless device user has exhausted his or her prepaid or credit limit account balance. Such ancillary network-to-wireless device billing communications effectively reduces the capacity of the network to support traffic and subscribers. Such ancillary billing communications also detract from scalability for the wireless system. Further, network centric systems tend to introduce delays (latency) into call set-up that may cause subscriber dissatisfaction and may be vulnerable to allowing unpaid traffic (revenue leakage) due to polling intervals or the inability to end calls in progress.

By contrast, in Applicants' system, calls can be immediately restricted or cutoff when prepaid funds are exhausted or the credit limit is reached. An additional advantage of Applicants' system is that the user can see their account balance and, if necessary, readily transfer funds between internally stored accounts.

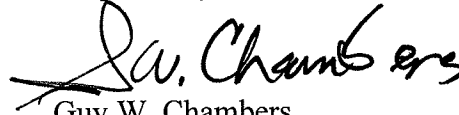
While the Examiner acknowledges in the office action that the cited obviousness references do not individually teach all the elements of Applicants' invention, the Examiner nonetheless contends that one of ordinary skill in the art could aggregate selected teachings from each cited reference to recreate Applicants' invention. Nonetheless, in so doing, the Examiner

ignores the fact that the Carlsson and Dent patents affirmatively teach away from the Martineau patent and Applicant's invention by teaching one of ordinary skill in the art that billing systems should be located at the central network (see, Carlsson patent: Fig. 2 and col. 5, lns. 22-34; Dent patent: col. 5, lns. 41-44; col. 6, lns. 2-5; col. 8, lns. 42-45), rather than on the wireless device. *See McGinley, supra*, 262 F.3d at 1354 (references which "teach away cannot serve to create a prima facie case of obviousness"); *KSR International, supra*, 550 U.S. 398, 82 USPQ 1385 (2007)("[a] factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning"). For these reasons, it is highly inappropriate for the Examiner to use Applicants' disclosure to "pick and choose" among the disparate and contradictory teachings of the Carlsson, Dent and Martineau patents in an attempt to recreate Applicants' invention.

C. Conclusion

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at (415) 576-0200.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Guy W. Chambers", is written over a horizontal line.

Guy W. Chambers
Reg. No. 30,617

TOWNSEND and TOWNSEND and CREW LLP
Two Embarcadero Center, Eighth Floor
San Francisco, California 94111-3834
Tel: 415-576-0200
Fax: 415-576-0300
62278995 v1